

FISCAL NOTE

SB 2572 - HB 2533

February 3, 2004

SUMMARY OF BILL: Classifies property with not more than two rental units as residential property for property tax purposes. Under current law property with not more than one rental unit is classified as residential and anything with two or more rental units is classified as industrial and commercial property.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – \$15,000 One-Time

Increase Local Govt. Expenditures – Not Significant
Decrease Local Govt. Revenues - Exceeds \$30,000,000

Estimate assumes:

- Increase in state expenditures for computer system changes in the Division of Property Assessments.
- An increase in local government expenditures for the costs of printing new records and sending assessment change notices.
- Properties with two rental units (primarily duplexes) previously classified as industrial and commercial property and assessed at 40% would be classified as residential under the provisions of the bill and be assessed at 25%.
- Approximately 43,000 such properties with a total appraised value of approximately \$5 billion.
- Average combined state and local tax rate of \$4.50/\$100 of assessed value.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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